

2005 Scorecard

**on the Private Equity & Venture Capital Environment in
Latin America and the Caribbean**

**4th Annual Summit of the
Latin American Venture Capital Association**

April 1, 2006
Belo Horizonte, Brazil



2005 Scorecard: *What is it?*

Developed by the
Economist Intelligence Unit

Economist Intelligence Unit

The
Economist

- A unique new annual tool
- Scores investing environments of 11 LAC nations
- Considers a matrix of 12 criteria impacting venture capital and private equity
- Compares environment with investment flows
- Encourages reform and tracks changes over time

on behalf of:

The Latin American Venture
Capital Association



and

The VC Network of the
Multilateral Investment Fund



2005 Scorecard: *Who is scored?*

11 LAC Nations Ranked:

- Argentina
- Brazil
- Chile
- Colombia
- Costa Rica
- El Salvador
- Jamaica
- Mexico
- Peru
- Trinidad and Tobago
- Uruguay

Extra-regional Comparator Nations:

- Israel
- Spain
- Taiwan
- United Kingdom

2005 Scorecard:

What is the scoring criteria?

- Laws on VC/PE fund formation and operation
- Tax treatment of VC/PE funds and investments
- Protection of minority shareholder rights
- Restrictions on institutional investors in VC/PE
- Protection of intellectual property rights
- Bankruptcy regulation
- Capital market development and feasibility of local exits
- Reserve requirements on inward investments
- Corporate governance requirements
- Strength of the judicial system
- Perceived corruption
- Quality of local accounting industry & use of intl standards

2005 Scorecard:

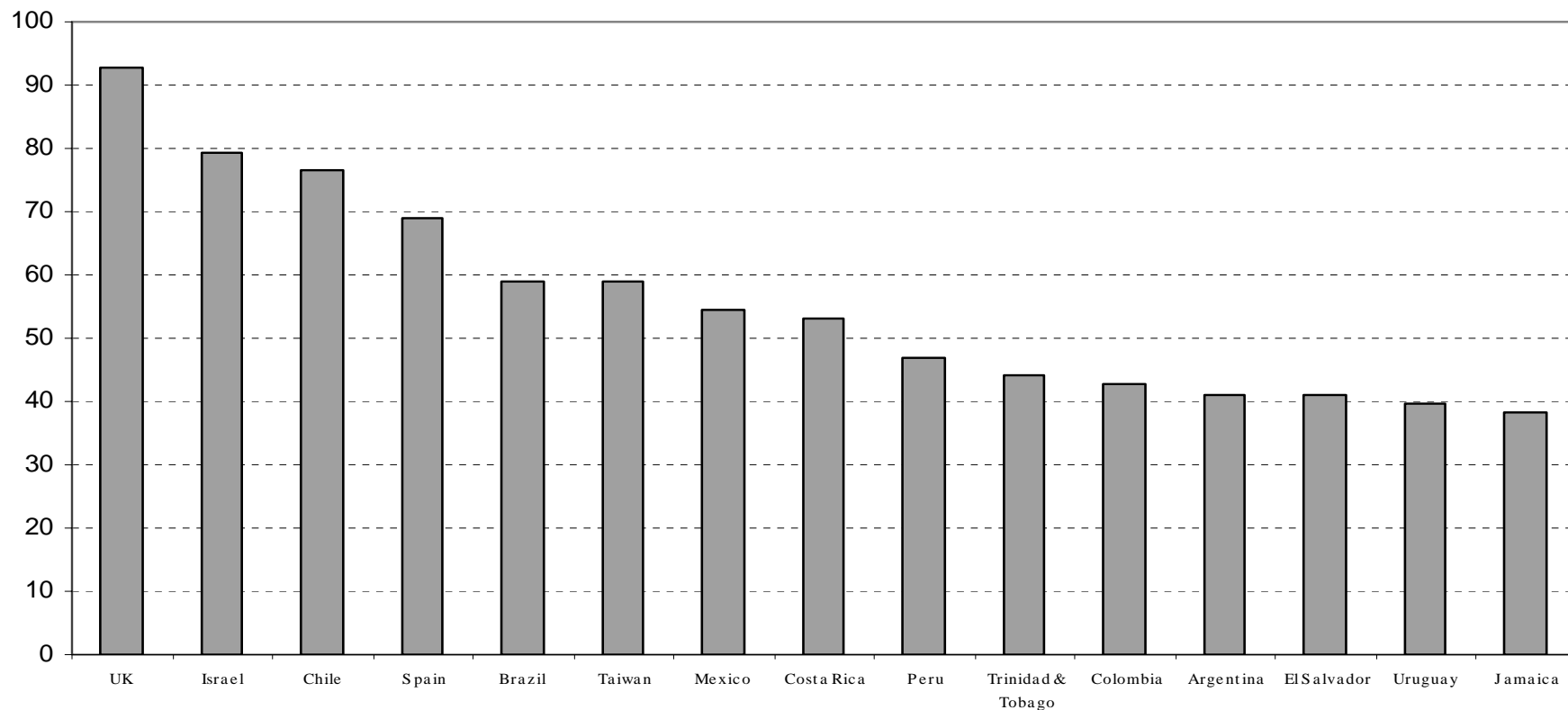
What are the scores?

Country	Overall score (max 100)	Stocks (% of GDP)	Flows (% of GDP)
UK	92,6	0,74	0,72
Israel	79,4	0,86	0,62
Chile	76,5	0,10	0,06
Spain	69,1	0,26	0,25
Brazil	58,8	0,91	0,08
Taiwan	58,8	1,46	0,15
Mexico	54,4	0,30	0,05
Costa Rica	52,9	0,38	0,08
Peru	47,1	0,34	n/a
Trinidad & Tobago	44,1	0,61	0,44
Colombia	42,6	0,00	0,00
Argentina	41,2	n/a	0,05
El Salvador	41,2	n/a	n/a
Uruguay	39,7	1,26	1,26
Jamaica	38,2	0,68	n/a

2005 Scorecard:

What are the rankings?

Overall score (max 100)



2005 Scorecard:

What are the main findings?

- **There is an investment payoff when countries improve their business climates for VC/PE**
- **Significant disparity currently exists across nations in LAC**
- **Further reform is needed to attract additional investment**

2005 Scorecard:

Brazil

- 58.8 out of 100
- 5th Overall, 2nd place for region (after Chile)
- Highest scores (3 out of 4) for
 - Protection of minority shareholder rights
 - Role of local institutional investors
 - Capital markets development & feasibility of exits
 - Registration/reserve requirements on inward investments
 - Quality of local accounting industry
- Lowest scores (1 out of 4) for
 - Protection of intellectual property rights
 - Perceived corruption

2005 Scorecard: *Mexico*

- 54.4 out of 100
- 7th overall, 3rd place for region
- Highest scores (3 out of 4) for
 - Laws of VC/PE fund formation
 - Capital markets development & feasibility of exits
 - Registration/reserve requirements on inward investments
 - Quality of local accounting industry
- Lowest scores (1 out of 4) for
 - Bankruptcy procedures/creditors' rights/partner liability
 - Perceived corruption

2005 Scorecard: *Peru*

- 47.1 out of 100
- 9th overall, 5th for region (after Costa Rica)
- Highest score (4 out of 4) for
 - Quality of local accounting industry
- Lowest scores (0 out of 4) for
 - Strength of the judicial system
 - Perceived corruption

For more information, contact LAVCA

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